
Introduced by Senator Ortiz

February 3, 2004

An act to amend Section 14105.45 of the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 1170, as introduced, Ortiz. Medi-Cal: prescription drug costs.

Existing law establishes the Medi-Cal program, which is administered by the State Department of Health Services and under which qualified low-income persons receive health care services, including prescription drugs. Existing law requires the department to establish a list of Maximum Allowable Ingredient Costs (MAIC) for drugs provided under the Medi-Cal program, to update maximum allowable ingredient costs at least every 2 months, and to notify Medi-Cal providers at least 30 days prior to the effective date of a maximum allowable ingredient cost.

This bill would require the department to establish the list of Maximum Allowable Ingredient Costs (MAICS) for drugs on or before January 1, 2005.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 14105.45 of the Welfare and
2 Institutions Code is amended to read:
3 14105.45. (a) The department shall establish a list of
4 Maximum Allowable Ingredient Costs ~~(MAIC)~~ (MAICS) for
5 drugs, which shall be published in provider bulletins. On the



1 effective date of this section, MAICS listed in Title 22 of the
2 California Code of Regulations shall be included in the list of
3 MAICS. MAICS shall no longer be listed in regulations. The
4 department shall repeal Section 51513.3 of Title 22 of the
5 California Code of Regulations.

6 (b) The department shall update existing MAICS and establish
7 additional MAICS in accordance with all of the following:

8 (1) The department shall base ~~an MAIC~~ *a maximum allowable*
9 *ingredient cost (MAIC)* on the mean of the wholesale selling prices
10 ~~of drugs~~ *a drug* generically equivalent to the innovator brand that
11 ~~are~~ *is* available in California from selected major wholesale drug
12 distributors. For the purposes of this section, “wholesale selling
13 price” means the price, including discounts and rebates, paid by
14 a pharmacy to a wholesale drug distributor for a drug.

15 (2) The decision regarding therapeutic equivalency shall be
16 based on the federal Food and Drug Administration
17 determinations. For antacid drugs, therapeutic equivalency shall
18 be determined by the department based on review of in vitro
19 scientific data.

20 (3) The department shall request information from drug
21 manufacturers regarding the availability of their products
22 throughout the state to outpatient pharmacies through the usual
23 and customary distribution channels in sufficient quantities to
24 meet the needs of the Medi-Cal program.

25 (4) The department shall *establish the list of MAICS pursuant*
26 *to this section on or before January 1, 2005, and shall thereafter*
27 *update MAICS at least every two months and notify Medi-Cal*
28 *providers at least 30 days prior to the effective date of* ~~an~~ *a* MAIC.

29 (c) Notwithstanding the provisions of Chapter 3.5
30 (commencing with Section 11340) of Part 1 of Division 3 of Title
31 2 of the Government Code, actions under this section shall not be
32 subject to the Administrative Procedure Act, or to the review and
33 approval of the Office of Administrative Law.